

PROGRAM CHANGES: Regulations & Directives

NEW HOUSING PROGRAM SIGNED INTO LAW

President Clinton signed the NATIVE AMERICAN HOUSING ASSISTANCE AND SELF-DETERMINATION ACT into law on October 26, 1996. Formerly H.R. 3219, it is now Public Law 104-330, 110 Stat. 4016.

LEAD-BASED PAINT: LIABILITY INSURANCE

Notice PIH 97-7 (HA), issued January 28, 1997, "Lead-Based Paint Liability Insurance in the Public Housing and Indian Housing Programs," is to update the assistance and guidance provided in Notice PIH 94-49 to IHAs/PHAs in the purchase of liability insurance to protect against claims as a result of an occurrence arising out of the abatement/removal, or the testing for the presence of lead-based paint in the PH and IH programs.

Insurance that was purchased in accordance with the October 28, 1991, HUD Appropriations Act will be considered as meeting the requirements of HUD until expiration of the current policy. Any renewal policy must be issued in compliance with the terms set forth in this Notice.

LOCCS PROCEDURES FOR DRAWING MH CONTRIBUTION FUNDS

Mutual Help projects have a \$1,500 per unit reserved mutual help contribution when the Mutual Help contribution (MHC) is not provided in cash. These funds are retained by HUD, and may be requisitioned by the Indian Housing Authority (IHA) for eligible uses after development activities have been completed. Funds are only available after DOFA and entry of the DOFA date into LOCCS by the area ONAP.

Eligible uses of the MHC are: (1) to cover any debit balances in the MEPA for a vacated unit, to the extent of the credit balance in this account (24 CFR 950.446(d)), and (2) at homebuyer purchase of the home (24 CFR 950.440(e)(4)).

To requisition the MHC funds, a payment voucher, form HUD-50080-TIHD, must be completed, with supporting documentation. This voucher will be retained in the IHA files for later review by ONAP staff. The LOCCS/VRS call-in process will remain the same as for any other drawdown. The Budget Line Item (BLI) is 1503. **These procedures apply to the New Mutual Help program only.**

PROCEDURES FOR CLOSEOUT OF RESIDENT INITIATIVES GRANTS

Notice PIH 97-5 (HA), issued January 21, 1997, provides standardized "Grant Closeout Procedures" for grantees and local HUD Office staff in closing out a grant agreement for programs funded under the Office of Community Relations and Involvement (OCRI). The procedures cover partial or complete termination for cause by HUD as well as normal closeout with all activities satisfactorily completed by the grantee.

Grant closeout procedures are offered in this Notice for both IHAs and Resident Organizations, and reflect the appropriate Office of Management and Budget Circulars that establish uniform grant closeout procedures for nonprofit organizations (A-110) and Grants Administered by Public or Indian Housing Agencies (A-

102) These circulars apply to both grantees and subgrantees receiving the following OCRI/PIH grants:

- Tenant Opportunities Program (TOP)
- Drug Elimination grants (PHDEP)
- Youth Sports grants (YSP)
- Family Investment Centers (FIC)
- Youth Apprenticeship Program (YAP)
- Economic Development/Supportive Services grants (EDSS)
- Any other current and/or future OCRI administered grants

EMPLOYEE BENEFIT PLANS GUIDEBOOK ISSUED

On January 31, 1997, the Guidebook: Employee Benefit Plans, 7401.7G, was issued. The purpose of the guidebook is to maximize flexibility for PHA/IHAs for ensuring that their employee benefit programs are both viable and affordable. The Guidebook supersedes Handbook 7401.7, PHA Personnel Policies Handbook, Part II, Employees Benefit Plans, dated September, 1988.

Although HUD-established requirements applicable to HA employee benefit plans have been abolished, it should be noted that some of the provisions which were included in Part II have their basis in other basic HUD policy and/or are contractual provisions contained in the ACC, still others may be subject to Federal or local laws applicable to employee benefit plans and other conditions of employment. HAs have more flexibility to choose the plans that will be provided for their staff members; however, it is noted that subsidy funding levels will not be increased to cover any increase in costs for new plans; therefore any HA that elects to increase employee benefit plan expenditures will do so at its own risk and expense.

STREAMLINING REGULATIONS--NOTICES EXTENDED

- ⊗ Notice PIH 97-2 (IHA), January 15, 1997, extends Notice PIH 95-65 (IHA), "Streamlined Operating Budget Procedures for the Indian Housing Program."
- ⊗ Notice PIH 97-6 (IHA), January 22, 1997, extends Notice PIH 95-68 (IHA), "Calculating Ceiling Rents in the IH Rental Program; Use of Actual Debt Service."

SECTION 8 PROGRAMS: VOUCHERS, CERTIFICATES & MODERATE REHAB

LEASE-PURCHASE AGREEMENTS

PIH Notice 97-13 (HA), issued March 18, 1997, advises IHA/PHAs that the current Section 8 tenant-based rental voucher and certificate program regulations do not prohibit the use of lease-purchase arrangements. However, Section 8 is a rental subsidy program. Approval of the unit, the lease, and the terms of the lease must be in accordance with the normal requirements of an assisted tenancy under the programs, including housing quality standards. Section 8 assistance terminates when the family takes title to the unit.

The Section 8 rental subsidy may continue only as long as an assisted tenant continues to lease the unit. If the family takes title to the unit under a lease-purchase agreement, the assistance contract and rental subsidy will auto-

matically cease.

ANNUAL FACTORS FOR DETERMINING ADMIN FEES

The March 12, 1997, Federal Register contains the reprinted/corrected copy of this years Notice announcing the monthly per unit fee amounts for use in determining the on-going administrative fee for the Section 8 Voucher, Certificate, and Moderate Rehabilitation Programs. [This was originally published March 3, 1997.]

Also, PIH Notice 97-11, issued March 11, 1997, sets forth the "Procedures for Calculating Earned Administrative Fees" in these Section 8 Programs. The Notice implements changes in procedures that were enacted in September in this year's HUD Appropriations Act. Prior to calculating administrative fees, IHAs should read this Notice carefully. Note that the primary differences from the past two years concern the number of leased units charged to the three fee rates.

FLOOD INSURANCE CHANGES

National Flood Insurance Program Increases Coverage

Following a flood, homeowners filing a claim are often surprised to discover that their flood insurance only provides enough funds to replace or repair their homes, not to elevate, relocate, or effect other floodproofing measures that might be required to retain coverage under the National Flood Insurance Program (NFIP). Now, however, homeowners can get some help with these extra costs.

On March 26 the Federal Insurance Administration (FIA), which administers the NFIP, announced that for an additional premium (up to \$75.00) \$15,000 coverage for "consequential loss" caused by a flood can be added to basic flood insurance. This additional insurance will cover the activities mentioned above, as well as the cost of bringing a structure into compliance with state and local floodplain management laws.

For more information on the National Flood Insurance, contact Charles M. Plaxico, Jr., FEMA, (202) 646-3422; or the FEMA Emergency Information and Public Affairs Office: e-mail: eipa@fema.gov; FEMA Website:

<http://www.fema.gov/library/frnfip97.htm>.

VA Revises Loan Regulations for Flood Hazard Areas

The Veterans Administration (VA) has also amended its regulations, strengthening requirements for procuring and maintaining flood insurance on properties in special flood hazard areas that secure loans guaranteed by the VA.

The final rule appeared in the February 6, 1997, Federal Register on pages 5530-5534. For further information, contact Judith Caden, Loan Guaranty Service, Veterans Benefit Administration, Department of Veterans Affairs, (202) 273-7368. The complete text of the final rule is also available via the Internet at:

<http://www.access.gpo.gov>.

FY 1998 BUDGET: PROPOSED FUNDS FOR ONAP PROGRAMS

"This budget reflects the President's deep commitment to revitalizing America's communities by expanding housing and job opportunities," Secretary Cuomo commented on the HUD portion of the Administration's budget request for FY 1998. "It meets the twin goals of balancing the budget and helping build strong communities."

The proposed budget contains requests for funding of Native American programs at the following levels:

Indian Home Loan Guarantee Program: Funding at the same level as FY 1996 and 1997 (\$3 million).

Indian Community Development Block Grant Program: Funding at the same level as FY 1997 (\$67 million).

Native American Housing Block Grant Program (NAHBG): \$485 million re-requested for the new NAHBG. These funds, which will replace several previously funded grant programs will be allocated by formula to Tribes. Programs that are replaced by the NAHBG include: Indian Housing Development, modernization programs, Indian HOME Program, operating subsidy, resident management, and tenant services grants.

The total funds for the NAHBG Program appear to be roughly comparable to all funds available in the previously funded grant programs; however, the full effect of this funding level is difficult to assess. Until the allocation formula and program regulations are completed, and the number of participating Tribes is established, the effects on individual Tribes cannot be determined.

"Our goal must be to create a future unlike any that has come before -- a future open to all -- in which no person is left behind and in which no community is forgotten," stated Secretary Cuomo. He stressed that self-sufficiency must remain the object of HUD's efforts, and he underscored the importance of working with local communities through local partnerships to find real solutions.

An executive summary of the proposed budget and tables showing funds requested by program area--are available on HUD's Home Page at: <http://www.hud.gov/newsf-lsh.html>

The FY1998 proposed budget is at: www.hud.gov/hudbud98.html
